



ORGANIZATION FOR THE PROTECTION
AND ADVANCEMENT OF SMALL
TELEPHONE COMPANIES

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November 16, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Re: Reform of the Interstate
Access Charge Rules
RM-8356

Dear Mr. Caton:

Please find enclosed for filing the original and eleven copies of the Organization for the Protection and Advancement of Small Telephone Companies' reply comments in the above-captioned proceeding.

Thank you for your assistance in this matter.

Sincerely,

Lisa M. Zaina
(NH)

Lisa M. Zaina
General Counsel

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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Reform of the Interstate
Access Charge Rules

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RM-8356

**REPLY COMMENTS OF
THE ORGANIZATION FOR THE PROTECTION AND
ADVANCEMENT OF SMALL TELEPHONE COMPANIES**

OPASTCO
21 Dupont Circle, NW
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(202) 659-5990

November 16, 1993

**Before the
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**REPLY COMMENTS OF
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I. INTRODUCTION

The United States Telephone Association (USTA) has submitted a proposal to the Federal Communications Commission (FCC or Commission) to reform interstate access.¹ In its presentation of a new regulatory framework, USTA states that its plan was designed to support a number of objectives. These objectives are to:

- promote universal service;
- promote the introduction of new services and technologies;
- support balanced competition in access markets;
- promote efficient use of the network;
- encourage development of a national telecommunications infrastructure;
- prevent unreasonable discrimination;
- minimize regulatory burdens.²

¹In the Matter of Reform of the Interstate Access Charge Rules, Petition for Rulemaking, RM-8356, September 17, 1993. (Petition)

²Id. at 4.

USTA's proposals focus on providing structural flexibility, pricing flexibility and support for public policy objectives.³

USTA states that the regulatory framework used by the Commission to regulate interstate access rates has outlived its usefulness. The Organization for the Protection and Advancement of Small Telephone Companies (OPASTCO) suggests that USTA does not mean to imply that the underlying policy considerations have outlived their usefulness. This is a safe assumption considering the careful attention that USTA gives to its goals in this Petition. These are goals which clearly track the local exchange carrier (LEC) industry Unity 1-A Agreement, which serves as a basis for our current access rules.

OPASTCO believes that while it may be appropriate to review the Commission's access regulations, the policies that led to the creation of the current access rules have certainly not outlived their usefulness. Any comprehensive proceeding on access should embrace those policies. Thus, after reviewing USTA's Petition and the comments of interested parties, OPASTCO believes that the Petition represents a reasonable place to begin the discussions on access restructure.⁴

³Id.

⁴See National Telephone Cooperatives Association (NTCA) at p. 4.

OPASTCO is a national trade association of more than 430 independently owned and operated telephone companies serving rural areas of the United States and Canada. Its members, which include both commercial companies and cooperatives, together serve nearly two million customers.

II. COMMENTS

OPASTCO supports many of the goals that are embodied in USTA's Petition. OPASTCO was a signatory of the Unity 1 and Unity 1-A Agreements, and still supports the goals envisaged by them.⁵

A most important goal of the Unity Agreements is the preservation and enhancement of universal service. In order to achieve the broadest connectivity reasonably attainable, the Unity 1-A signatories endorsed Long Term Support (LTS) and the Universal Service Fund (USF). They also embraced Subscriber Line Charges (SLCs), lifeline services and the preservation of the local franchise. These are programs and policies which have enabled telecommunications providers, especially those in rural and other high cost areas, to make telecommunications service as widely available as possible. Because of the intricate balance

⁵The Unity 1-A Agreement was intended to preserve, update and supplement the Unity Agreement. The signatories believed that if implemented as a comprehensive plan for a coordinated industry structure, the resolution would "protect the customers and investors of the exchange carriers, respond to the public interest concerns of regulators, and serve the legitimate interests of interexchange carriers." (Unity 1-A at 1) Unity 1-A's basic goals were to afford the broadest connectivity reasonably attainable, establish usage charges which encourage efficient use of the network, and reduce the scope and complexity of regulation.

between these and the preservation of universal service, OPASTCO agrees with TDS Telecommunications Corp (TDS Telecom) that the existing universal service support mechanisms should not be modified "unless and until effective sustainable substitutes are in place."⁶

USTA designates the preservation of universal service as the first of its seven objectives. Moreover, USTA finds that current explicit universal service support mechanisms must be maintained.⁷ Encouraging the development of the infrastructure was another goal around which its interstate access reform proposal was crafted.⁸ These are two extremely important and laudable goals which have OPASTCO's full support. In fact, OPASTCO agrees with TDS Telecom that the Commission, upon opening the proceeding as requested by USTA, should establish as its paramount objective the protection and enhancement of universal service and nationwide access to advanced public switched network and information resources.⁹ Building a proceeding around

⁶TDS Telecom at 1.

⁷Petition at 40. OPASTCO also agrees that cost recovery should be expanded to all market participants.

⁸Id. at 7.

⁹TDS Telecom at 1. The National Exchange Carrier Association (NECA) also believes that universal service goals are of paramount importance. NECA at 2. Further, NTCA states that coordination and compatibility among LECs is important to building the infrastructure to serve as the backbone for universal service ideals. OPASTCO supports the concepts embodied in LEC infrastructure sharing.

universal service and the development of an advanced public switched network is consistent with USTA's request and good public policy.

One cornerstone of USTA's proposal is access pricing flexibility. OPASTCO agrees that pricing flexibility is important for LECs in an increasingly competitive access environment. However, this flexibility cannot come at the expense of any of the linchpins of universal service.¹⁰ One such linchpin is geographically averaged toll rates. Toll rate averaging is a major factor in ensuring that telecommunications services are available to residential and rural customers at reasonable rates. Along with access pricing flexibility must come a continued commitment to geographically averaged toll rates. Without adequate safeguards, pricing flexibility will lead to toll rate deaveraging.

Geographically deaveraging the toll rates means that toll rates will be much higher in rural areas. Rural residents make a great deal of toll calls because their local calling areas are generally fairly small. Increasing these toll calls to the cost of providing them may put them out of reach for the average rural consumer.

As NTCA notes, the FCC has stated its commitment to geographically averaged toll rates.¹¹ The Commission should institute a rulemaking requiring that interexchange carriers must

¹⁰See NTCA at 5.

¹¹NTCA at 6.

charge geographically averaged rates and keep traffic sensitive access charges in high cost rural areas reasonably comparable to those in low cost urban areas.¹²

III. CONCLUSION

OPASTCO believes that the FCC should examine its interstate access charge rules. It suggests that USTA's Petition is timely and may serve as an appropriate basis from which to start.

Respectfully submitted,

**THE ORGANIZATION FOR THE
PROTECTION AND ADVANCEMENT
OF SMALL TELEPHONE COMPANIES**

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November 16, 1993

¹²TDS at 3.

CERTIFICATE OF SERVICE

I, Megan A. Gillispie, hereby certify that a copy of OPASTCO's reply comments was sent on this, the 16th day of November, 1993, by first class United States mail, postage prepaid, to those listed below.



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